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(DIA)

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OD/RR file

DDI-367-67

Major General Robert Taylor, 3rd, USAF
Assistant Director for Intelligence Production
Defense Intelligence Agency
Washington, D. C. 20301

Dear Bob:

Enclosed is a joint letter to Mr. Valtz in the Office of the Assistant Secretary of Defense (Systems Analysis), forwarding the study he requested of us. I understand that the transmittal letter and the study have been checked out with your staff. I have already signed the letter and assume that you will sign and forward it with the study to Mr. Valtz. Additional copies of the study are being made available to your staff.

Sincerely yours,

R. J. Smith

R. J. Smith
Deputy Director for Intelligence

25X1A

Enclosure

ORR: typed ADDI:fbr
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DIA AND OSD review(s) completed.

31 JAN 1967

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DDI-368-67

30 JAN 1967

Mr. Robert C. K. Valtz
Director of Regional Programs
Assistant Secretary of Defense
(Systems Analysis)
Washington, D. C. 20301

Dear Mr. Valtz:

The enclosed study on the equivalent dollar costs of Soviet ground troops is forwarded in response to your request of 9 June 1966. The study was prepared by a joint Central Intelligence Agency/Defense Intelligence Agency ad hoc working group and is concurred in by both Agencies.

The study involved the review and some revision of the basis for assigning dollar operation and maintenance, and procurement costs to those Soviet ground troops which perform essentially the same mission as the U. S. Army general purpose forces. To illustrate the effects of these revisions the factors were applied to the forces given in the March 1966 National Intelligence planning documents; these factors will also be used in the forthcoming 1967 planning documents.

Sincerely yours,

/s/ R. J. Smith

R. J. Smith
Deputy Director for Intelligence
Central Intelligence Agency

Major General Robert Taylor, 3rd, USAF
Assistant Director for Intelligence Production
Defense Intelligence Agency

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Enclosure

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October 17, 1966

MEMORANDUM FOR

SUBJECT: CIA-DIA Soviet Cost Study

I have discussed with Bob Valtz the issues concerning terms of reference, scope, and timing of the study which were raised during the CIA-DIA-OSD meeting on October 5. Valtz's comments are as follows:

1. Soviet Tactical Aircraft - The Soviet TAF is, in general, not to be included in the study. However, in order to maintain comparability with the U.S. Army, we must include that portion of the TAF's helicopters and light fixed wing aircraft which have the same relationship to the Soviet ground forces as do U.S. Army helicopters and light fixed wing aircraft. Further discussion on the criteria for including aircraft in the study may be necessary.

2. Examination of Methodology and Evidence - The examination of evidence and methodology in the study should include the areas of O.B. and T.E.'s as well as cost. Specifically, Valtz would like to have an examination of evidence and methodology in the T.E. area in general and the OB of non-divisional support units. The O.B. of divisions is not an issue for the study. I agree with you that there is a question concerning the appropriate level of detail and that we will have to discuss this further.

25X1A 3. Study Deadline and Preparation of a Final Report - Bob Valtz and I agree that idea of completing most of the study by December 15 is an excellent one. Because of the OSD internal scheduling of the 1967 NATO Presidential Memorandum, January 15, 1967 is the firm deadline for Valtz to know the results of the study. This means than an interim report which presents the final study results would be acceptable on or before January 15. Valtz would like an official report submitted to OSD under the appropriate signature(s), but the official version can be submitted as late as February 15. This timing assumes that the study results would not change significantly between January 15 and February 15.

4. Time Span for Study - A time span covering FY 1962 through and including FY 1966 is acceptable for the study.

5. Soviet Naval Infantry - The Soviet Naval Infantry should not be included in the study.

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I will be available to discuss this memo with you whenever you believe it is necessary.

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MEMORANDUM FOR: D/RR *Rel'd to*

Bill:

Attached are the relevant background memoranda on the "Joint CIA/DIA Study on Soviet Ground Forces Costing" (p.25 of WPR 3-6 Jan.) I believe it would be fruitful for you to read them, if only to review the bidding in a consolidated way. We discussed them piecemeal, but it may be that Ed Proctor's memorandum is the only one you have read.

I had scheduled a detailed review of the status of this project for next week (time to be set). If you would be interested in joining us, I would be happy to set a time convenient to you.

11 January 1967
(DATE)

P.S. Memos #1 & 2, attached are DIA memos which we got informally.

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FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

SECRET8 July 1966
CIA No. 4037

Major General Robert Taylor, 3rd, USAF
Assistant Director for Processing
Defense Intelligence Agency
Washington, D. C. 20301

Dear General Taylor:

I concur in your proposal of 29 June 1966 (S-2140/AP-2R) that CIA and DIA undertake a joint effort to satisfy the requirements of the Assistant Secretary of Defense (Systems Analysis) for a study of Soviet expenditures, in dollar equivalent prices, on their ground forces over the last five to ten years. I designate [redacted]

[redacted] as this Agency's action officer for the project.

Because of the difficulties with data that this project faces, I am somewhat concerned as to whether all aspects of the project can be completed by the first of the year. Therefore, I propose that the project be subdivided according to the order of priority which I understand exists, as follows: (1) procurement of equipment, ammunition, and missiles (the equivalent of the US budgetary category, PMA); (2) Soviet ground force manpower; and (3) expenditures for operation and maintenance (the equivalent of the US budgetary category, OMA). This is not to suggest that these parts be attacked sequentially, but that the order of priority be recognized and reports in partial fulfillment of the requirement be transmitted as each is completed.

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In the interest of expediting the project, I have instructed [] to table, as a point of departure, a method that we have been experimenting with to relate equipment procurement to forces. He will also be prepared to table our views as to Soviet ground force military manpower. I understand that DIA has been reviewing the matter of expenditures for operation and maintenance. I suggest that it would be profitable for your people to table some proposals on how we might proceed with this aspect of the project.

Sincerely,

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[]
Edward V. Proctor
Acting Deputy Director for Intelligence

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ORR:D/P: [] (8 July 1966)

Retyped:EWProctor:fbr

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DDI-2821-66

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DEFENSE INTELLIGENCE AGENCY
WASHINGTON, D. C. 20301



29 JUN 1966

S-2140/AP-2E

Dr. R. J. Smith
Deputy Director for Intelligence
Central Intelligence Agency
Washington, D. C. 20505

Dear Dr. Smith:

(S) Systems Analysis, Office of the Secretary of Defense, has requested from DIA information concerning Soviet Expenditures on ground forces. Recognizing past difficulties in providing information of this nature, and the desirability of a coordinated DIA-CIA response, it would be appropriate to resolve this question by a joint effort

(S) On an informal basis, CIA personnel were invited by their DIA counterparts to participate in preliminary discussions with Systems Analysis to clarify the parameters of the problem. Preliminary discussions have revealed that even a cursory effort to resolve the problem probably requires a new approach beyond the scope and depth of NIPP-66, and may require up to six months for completion.

(S) Systems Analysis specifically requests:

"dollar estimates of the annual amount spent by the USSR over the last five to ten years, in US prices, for ground forces equipment, ammunition and missiles. The exact definition to be used should be the U.S. Army's PEMA category. A high and low figure, as well as a 'most probable,' should be provided for each year, and the assumed Soviet ground force manpower (point estimate) associated with these estimates should be supplied. We would also like year-by-year estimates, again in US prices, of total ground forces O & M expenditures. In this respect you should be guided by the US OMA category would appreciate it if your response could cover the exact methodology on which these estimates are based."

(S) In discussions, it has become apparent that Systems Analysis has an earnest need for information which is not currently available, and I feel very strongly that a joint DIA-CIA effort should be made in response to this request. I have designated DIAAP-2E action for coordination of

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1 JUL 1966

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this project. If you consider a joint effort feasible, I would appreciate the name of an action officer from your organization whom we might contact.

Sincerely,

SIGNED

ROBERT TAYLOR, 3D
Major General, USAF
Assistant Director for
Processing

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Vari 2
II

June 9, 1966

(Strategic Programs)

Major General Robert Taylor, 3d
Assistant Director for Processing
Defense Intelligence Agency

Dear General Taylor:

In response to my request, the Defense Intelligence Agency Production Center prepared for me certain information concerning Soviet expenditures on ground forces. It was my intention that this information would be used in the 1966 draft NATO Presidential Memorandum. I appreciate the information received, but find that in certain areas critical to my problem it did not provide the answers. Recently, I discussed the problem at length with members of your organization and CIA. I am fully aware of the lack of certain intelligence in this area, the CIA-DIA Panel report on Soviet land combat equipment, and the reluctance of the intelligence community to make estimates and projections beyond published intelligence documents. While recognizing the limitations and uncertainties, it is necessary for our office to resubmit the problem to DIA for resolution. Completion date of a new study would be too late for its inclusion in the 1966 Presidential Memorandum on NATO; however, I would appreciate a study on Soviet expenditures for the ground forces by the first of the year.

We are in dire need of more detail than is provided in Table VI-1 of HIMP-66. I would like dollar estimates of the annual amount spent by the USSR over the last five to ten years, in U.S. prices, for ground forces equipment, ammunition and missiles. The exact definition to be used should be the U.S. Army's PEFA category. A high and low figure, as well as a "most probable," should be provided for each year, and the assumed Soviet ground force manpower (point estimate) associated with these estimates should be supplied. We would also like year-by-year estimates, again in U.S. prices, of total Soviet ground forces

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O & M expenditures. In this respect you should be guided by the U.S. CIA category. Of course, I appreciate the fact that certain assumptions, modifications, and adjustments of definitions may have to be made. Therefore, I would appreciate it if the analysis could cover the exact methodology and evidence on which these estimates are based.

In that the information requested extends beyond the scope of HIR-66, a coordinated effort with CIA in the resolution of this problem would seem appropriate. This office will provide additional guidance and support on a continuing basis while the study is in progress.

In closing let me say that I have been receiving outstanding assistance from your staff in developing an improved understanding of the threat to NATO. We have been working closely with Colonels Mitchell, Goche, and Vini and Commander Pioso, and their help has been invaluable.

Sincerely,

Robert C. K. Valtz
Director, NATO Division

cc:
Mr. Hoffman
Mr. Benington

OASD(BA)BP: RCKValtz: wgi Jun 9, 66
Rm 3C-874: X50683

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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

April 5, 1966

SYSTEMS ANALYSIS

(Strategic Programs)

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ART 2
I

MEMORANDUM FOR COLONEL MITCHELL, DIA

AP2E

SUBJECT: Soviet Expenditures on Ground Forces (U)

Based on our conversation yesterday, I would appreciate your furnishing the following estimates within the next four weeks. This information will be used in the 1966 draft NATO Presidential Memorandum.

We would like dollar estimates of the annual amount spent by the U.S.S.R. over the last ten years, in U.S. prices, for ground forces equipment, ammunition and missiles. The exact definition to be used should be the U.S. Army's PEMA category. A high and low figure, as well as a "most probable", should be provided for each year, and the assumed Soviet ground force manpower (point estimate) associated with these estimates should be supplied. We would also like year-by-year estimates, again in U.S. prices, of total Soviet ground forces expenditures excluding PEMA, pay and allowances.

I would appreciate it if your response could cover the exact methodology on which these estimates are based.

Robert C. K. Valtz
Robert C. K. Valtz

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DECLASSIFIED AFTER 12 YEARS.
DOD DIR 5200.10

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